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2 December 1971

Economic and Military Reconstruction
in North Vietnam

This periodic report reviews economic developments within North Vietnam, including the receipt of economic and military aid and the construction of military facilities. These developments are selected on the basis of their relevance to North Vietnam's ability to continue supporting the war in Indochina and to restore the economy, and thus to their possible effect on the country's desire or need to negotiate a settlement of the current conflict.

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Military

1. North Vietnam continues to receive sufficient aid to pursue military objectives in Indochina. As shown in the following tabulation, military aid to North Vietnam during the first six months of 1971 tentatively is estimated at \$100 million, a slightly higher rate of delivery than in 1970.

Million US \$				
<u>Estimated Communist Military Aid Deliveries to NVN</u>				
	<u>1968</u>	<u>1969</u>	<u>1970</u>	<u>1971 (Jan-Jun) a/</u>
Total	<u>390</u>	<u>225</u>	<u>155</u>	<u>100</u>
USSR	290	120	70	40
Communist China	100	105	85	60
a. Preliminary				

Deliveries during the second half of 1971 may continue at a higher rate because of the need to offset losses incurred during the Allied incursion into Laos. For example, the USSR has begun to replace some or all of the large number of tanks lost by North Vietnam as a result of Lam Son operations. Recent affirmations of Communist support from Soviet President Podgorny and Chinese Politburo member Li Hsien-nien while in Hanoi indicate that military aid will be forthcoming in 1972 as well.

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25X1

2. The recent attempts by North Vietnamese MIG's to intercept US B-52 missions over Laos coincide with observed improvements at three southern airfields -- Quan Lang, Vinh, and Dong Hoi. Upgrading at Quan Lang includes steel planking on the runway [REDACTED]

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Reconstruction and improvement of Dong Hoi began in April and the airfield's 7500 foot runway capable of handling MIG-21's probably was serviceable late in September. Extensive operations from Vinh and Dong Hoi are not expected because the location of these fields makes air operations difficult to conceal. Both are located on flat coastal terrain susceptible to radar coverage from the Gulf of Tonkin. In addition, there are as yet no aircraft protective structures such as hangarages or revetments at these two airfields.

Construction

3. Industrial construction continues steadily but slowly. At the Thac Ba hydroelectric powerplant, footings for a new transmission line were observed in November leading eastward from the plant, probably the beginning of a planned higher voltage line that will be tied in to the main power network. In connection with this activity, it appears that provision is

25X1

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being made for a second transformer at the important Dong Anh substation near Hanoi, probably to utilize the increased output generated by Thac Ba. Expansion of the sulphuric acid shops at the Phu Tho fertilizer plant is still in progress one year after the project was initiated. Construction on the damaged Bac Giang fertilizer plant was observed, although little headway has been made since August.

4. In the Haiphong port area construction continues on the sixth portal crane and work on a seventh has begun. At Haiphong's riverside petroleum storage two large and two small tanks have reached advanced stages of construction since June, and pads for two additional small tanks have been laid. By October the dual pipeline extending westward from Va Chai had reached a point about 70 kilometers inland, near Hai Duong.

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Next 5 Page(s) In Document Exempt

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16. Progress in construction remains slow and the concentration of efforts seems to be in facilities basic to the economy. The new transmission line under construction from the Thac Ba hydroelectric powerplant will substantially strengthen the main power network. Reconstruction and expansion of two fertilizer plants at Bac Giang and Phu Tho not only will serve fundamental needs of agriculture, but will also improve the country's foreign exchange position by reducing requirements for imported fertilizer. In other areas, work continues on expanding cargo-handling capabilities in the port of Haiphong, and on the dual pipeline from Va Chai.

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Next 4 Page(s) In Document Exempt

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